

OCCUM ACQUISITION CORP.

SUMMARY OF TERMS AND CONDITIONS UP TO \$400,000,000 SENIOR UNSECURED REVOLVING CREDIT FACILITY

MARCH 15, 2004

Borrower: Occum Acquisition Corp., ("Occum", the "Borrower" or the "Company"), a holding company owned by a group of equity investors (the "Investor Group") including White Mountains Insurance Group, Ltd. and Berkshire Hathaway Inc. (together the "Lead Investors"), and formed to acquire certain assets and operations related to the life and investments business of Safeco Corporation (the "Acquisition" or the "Target").

Joint Lead

Arrangers and

Joint Book Runners: Banc of America Securities LLC ("BAS") and Fleet Securities, Inc. ("FSI" or together with BAS, the "Joint Lead Arrangers").

Administrative

Agents:

Bank of America, N.A. ("Bank of America", the "Agent", or together with Fleet National Bank, the "Agents").

Lenders:

A syndicate of lenders (the "Lenders"), including Bank of America and Fleet National Bank ("Fleet"), to be selected by the Joint Lead Arrangers and reasonably acceptable to the Borrower.

Credit Facility:

A \$350,000,000 Fully Underwritten Senior Unsecured Revolving Credit Facility (the "Facility"), which may be increased at the Borrower's option, at or following Closing, to a maximum of \$400,000,000, pursuant to the terms of the Increase Option described herein. The Facility will have sublimits of (i) \$20,000,000 for the issuance of letters of credit (the "Letters of Credit") issued by Bank of America (in such capacity, the "Issuing Bank"), and (ii) \$10,000,000 for swing line borrowings provided by Bank of America (in such capacity, the "Swing Line Lender").

Increase Option:

In the event that the Facility closes at an amount less than \$400,000,000, the Borrower will retain the right at or following Closing, provided that no default exists, to increase the aggregate commitment amount under the Facility, without obtaining the approval of the Majority Lenders, up to a maximum Aggregate Commitment of \$400,000,000. Such increases will be in minimum increments of \$5,000,000 and may be effectuated by obtaining additional commitments from new or existing Lenders; provided, however, that such increases shall first be offered to existing Lenders on a pro rata basis, and, if declined, then offered to new Lenders reasonably acceptable to the Agents. Unless an increased commitment is evidenced in writing, under no circumstances shall any Lender be deemed to have committed to provide any portion of such increase.



Use of Proceeds: At Closing, proceeds of the Facility will be used to finance the Acquisition of the Target by the Borrower. Thereafter, the Facility will be available to finance the working capital and other general corporate purposes of the Borrower including Permitted Acquisitions and the issuance of Letters of Credit.

Closing: A date to be mutually agreed upon among the Agents, the Joint Lead Arrangers, and the Borrower ("Closing" or the "Closing Date"), which shall be no later than the earlier of (x) the date that is nine months after the execution of the purchase agreement dated March __, 2004 and delivered to the Agents prior to the date hereof (the "Purchase Agreement") and (y) December 31, 2004 (the "Commitment Expiry Date").

Maturity: 5 years from Closing ("Maturity" or the "Maturity Date").

Security: Unsecured.

**Borrowings,
Repayments and
Commitment
Reductions:**

Borrowings under the Facility may be borrowed, repaid and reborrowed through Maturity, and commitments may be reduced from time to time, at the Borrower's discretion in accordance with the terms thereof.

Mandatory commitment reductions (and commensurate repayments) shall be required from 100% of the net proceeds of material debt offerings; provided, however, that (i) the foregoing shall be subject to carveouts and exceptions to be agreed upon, including an exception which will enable the Company to utilize net debt proceeds to finance Permitted Acquisitions (within reasonable periods of time to be determined) without triggering the payments described above, and (ii) pursuant to the provisions above, the amount of the Facility shall not be required to be reduced to less than \$100 million.

Interest Rates: Borrowings under the Facility shall be at the Eurodollar Rate ("Eurodollar Rate Loan") (which shall not include any Eurocurrency reserve requirements) plus the Applicable Margin or the Bank of America Base Rate ("Base Rate Loan"). The Bank of America Base Rate shall mean the higher of (a) Bank of America's prime rate from time to time and (b) the federal funds effective rate plus ½ of 1%.

Eurodollar Loans will require three business days advance notice. Eurodollar Rates will be quoted for 1, 2, 3, 6 and to the extent available to all Lenders, 12 months ("Interest Period"). The Credit Agreement will restrict the number of Eurodollar Rate Loans that may be outstanding at any one time. All interest on Eurodollar Rate Loans will be based on a 360-day year and actual days elapsed.

Base Rate Loans will be made the day they are requested, provided that such request is made on a business day and prior to 11:00 AM Eastern Time. Any requests for Base Rate Loans that are made after 11:00 AM Eastern Time on a business day will be made the following business day. Each drawing under a



Letter of Credit will be deemed a request for a Base Rate Loan in the amount of the drawing. All interest on Base Rate Loans, the Facility Fee and other fee calculations will be based on a 365/366-day year and actual days elapsed.

Interest will be payable (a) quarterly in arrears on the first business day of each calendar quarter for Base Rate Loans, and (b) at the end of the applicable Interest Period for Eurodollar Rate Loans, or if such Interest Period is longer than three months, every three months during such Interest Period. Facility Fees will be payable quarterly in arrears on the first business day of each calendar quarter. All Repayments under the Facility shall be subject to breakage costs (excluding Applicable Margin) associated with the repayment of Eurodollar Rate Loans. All principal, interest, fees and other amounts which remain outstanding at Maturity shall become immediately due and payable.

Applicable Margin: The Applicable Margin shall be based upon the pricing grid set forth below and shall be determined: (a) by referencing the Debt to Capitalization Ratio of the Borrower (as defined in the Financial Covenants Section below) as of the end of the most recently ended fiscal quarter and as shown on the Borrower's Compliance Certificate, provided that the Borrower's Senior Unsecured Debt is not rated by Standard & Poor's or Moody's Investor Service, or (b) by referencing the Borrower's senior unsecured credit ratings, if the Borrower's Senior Unsecured Debt is rated by either (or both) of Standard & Poor's or Moody's Investor Service. In the event of a split rating of one level between Moody's and S&P, the higher level rating shall apply. In the event of a split rating of more than one level between Moody's and S&P, the rating level that is one level above the lower rating shall apply. For the first six months following Closing, the Applicable Margin shall not be permitted to be less than Level III.

Level	Debt/ Capitalization	Senior Unsecured Rating	Applicable LIBOR Margin	Facility Fee	All-In- Drawn
I	< 17.5%	A-/A3	0.400%	0.100%	0.500%
II	≥ 17.5%	BBB+/Baa1	0.500%	0.125%	0.625%
III	≥ 22.5%	BBB-/Baa2	0.600%	0.150%	0.750%
IV	≥ 27.5%	BBB-/Baa3	0.925%	0.200%	1.125%
V	≥ 32.5%	<BBB-/Baa3	1.250%	0.250%	1.500%

Default Rate: A default rate shall apply on overdue amounts under the Facility at a rate per annum of 2% above the applicable interest rate.

Facility Fee: A percentage fee per annum, determined in the same manner as detailed in the pricing grid shown in the Applicable Margin section above, payable quarterly in arrears to the Administrative Agent for the account of the Lenders on the total commitment amount of the Facility (the "Facility Fee").

Letter of Credit Fees: The Applicable LIBOR Margin will be paid on the face amount of Letters of Credit outstanding, payable quarterly in arrears. In addition, the Borrower will pay to the Administrative Agent, as Issuing Bank a fronting fee on the face amount of each Letter of Credit in an amount defined in the Fee Letter. Such

fronting fee will be in addition to the standard Letter of Credit fees for issuance, negotiation, amendment etc.

**Underwriting
Fee:**

Per the Fee Letter.

**Administrative
Agent's Fee:**

Per the Fee Letter.

**Arrangement &
Up-Front Fees
on Increase Option:**

Per the Fee Letter.

**Affirmative
Covenants:**

Usual and customary for a credit facility of this type with respect to the Borrower and, to the extent usual and customary, its Subsidiaries, including, without limitation (with exceptions and materiality qualifiers to be agreed upon): payment of obligations; maintenance of property, records and accounts; financial statements (including audited consolidated fiscal financial statements of the Borrower and its subsidiaries, prepared in accordance with GAAP; management prepared quarterly consolidated financial statements of the Borrower and its subsidiaries, prepared in accordance with GAAP; if applicable, all periodic SEC reports and all filings on Form 8-K; quarterly Compliance Certificates and Financial Officer Certificates; statutory financial statements of material insurance subsidiaries on an annual and quarterly basis; and other information as reasonably requested by the Agents); notices of defaults under the Loan Documents; notices of default under any other contractual obligation of the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect; notice of material litigation and judgments; corporate existence; insurance; conduct of business; taxes; inspection of properties, books, etc.; compliance with laws, contracts, licenses, permits, employee benefit plans and Regulation U.

Negative Covenants: Usual and customary for a credit facility of this type including without limitation (with exceptions and materiality qualifiers to be agreed upon) with respect to the Borrower and, to the extent usual and customary, its Subsidiaries: restrictions on transactions with affiliates, restrictions on subsidiary indebtedness, restrictions on liens, restrictions on distributions, restrictions on merger, consolidation and disposition of assets and restrictions on the Borrower or any of its subsidiaries from changing the date of the end of their fiscal years. Investments in and/or acquisitions of businesses or entities engaged in the insurance and/or insurance services business or businesses reasonably incident thereto will be permitted ("Permitted Acquisitions").

Financial Covenants: Financial covenants will be the following:

- (i) The Borrower will cause its principal insurance subsidiaries to maintain a Risk-Based Capital Ratio, as defined by the NAIC, equal to or greater than 200% of the Company Action Level at the end of each fiscal year.

- (ii) Maximum Total Consolidated Debt to Capitalization of the Borrower at the end of any fiscal quarter shall not exceed: 37.5%. Such financial covenant shall be tested quarterly at each fiscal quarter end (including each fiscal year end).
- (a) Total Consolidated Debt shall not include (i) ordinary course non-speculative hedging transactions, or (ii) any indebtedness represented by Trust Preferred Securities (to be defined) except to the extent that such Securities (other than those convertible to equity) exceed 15% of Total Capital (to be defined).
- (b) Total Consolidated Debt shall not include any indebtedness represented by Mandatory Convertible Securities (to be defined) except to the extent that such Mandatory Convertible Securities plus Trust Preferred Securities exceed 25% of Total Capital; provided however, that in the event the notes related to the Mandatory Convertible Securities remain outstanding following the exercise of forward purchase contracts related to such Mandatory Convertible Securities, then such outstanding notes will constitute indebtedness thereafter.

**Representations
and Warranties:**

Usual and customary for a credit facility of this type (with exceptions and materiality qualifiers to be agreed upon), with respect to the Borrower and, to the extent usual and customary, its Subsidiaries, including, without limitation: corporate existence and good standing, corporate authority, governmental approvals, use of proceeds, title to properties, absence of liens, compliance with other instruments, compliance with laws, no default, financial statements, tax status, pension plans, litigation, disclosure and no Material Adverse Effect (at Closing only). For purposes of the Facility, Material Adverse Effect shall mean (X) on or prior to the Closing Date, with respect to (a) the Borrower, (b) the Target, (c) any Subsidiaries of the Borrower or (d) any Subsidiaries of the Target (collectively, the "Companies"), any (i) change, (ii) effect, (iii) event, (iv) occurrence or (v) development or developments, which individually or in the aggregate, would reasonably be expected to result in any change or effect that (A) is materially adverse to the business, financial condition, properties, assets, liabilities (contingent or otherwise) or results of operations of the Companies, taken as a whole, since fiscal year end December 31, 2003 or (B) would reasonably be expected to prevent or materially delay the consummation by the Companies, as applicable, of the transactions contemplated by this term sheet and commitment letter; provided, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a Material Adverse Effect: (i) changes in laws, rules or regulations of general applicability or interpretations thereof by Governmental Entities, in each case after the date hereof, (ii) changes, after the date hereof, in applicable GAAP or SAP, (iii) actions or omissions of a party to the Purchase Agreement taken with the prior written consent of the other party to the Purchase Agreement and the Lead Arrangers, and (iv) changes, after the date hereof, generally affecting (x) any of the industries in which the Companies conduct their business, so long as



the changes in such industries do not disproportionately impact (other than as a result of the volume of business transacted) the Companies or (y) general economic and financial market conditions in the United States (including movements in interest rates) and (Y) after the Closing Date, a material adverse effect on (i) the business, assets, property or financial condition of the Borrower and its Subsidiaries taken as a whole since fiscal year end December 31, 2003, or (ii) the validity or enforceability of the Loan Documents or the rights and remedies of the Agents and the Lenders thereunder.

**Conditions
Precedent
to Closing:**

Usual and customary for a credit facility of this type including without limitation:

- (i) Closing of the Acquisition in all material respects on the terms described in the Purchase Agreement, which shall include the fulfillment of each of the conditions set forth in Section 5.1 of the Purchase Agreement, other than conditions that (a) have been waived by the parties to the Purchase Agreement and (b) are deemed to not be material by the Lead Arrangers, in their reasonable discretion;
- (ii) Minimum equity contribution of \$950,000,000 by the Investor Group, which contribution shall (x) include a minimum equity contribution of \$150,000,000 by each of the Lead Investors and (y) be in all material respects on the terms disclosed to the Agents prior to the date hereof;
- (iii) No other indebtedness used to finance the Acquisition, other than indebtedness owed to the seller pursuant to the Purchase Agreement;
- (iv) Affirmation of A.M. Best Financial Strength Ratings of the Borrower's material insurance subsidiaries of at least A-;
- (v) The negotiation, execution and delivery of definitive documentation with respect to the Facility satisfactory to Bank of America, BAS, Fleet, and FSI and their respective counsel, including all necessary corporate approvals and legal and other opinions reasonably required by the Agents;
- (vi) Payment of fees and expenses of the Agents and the Joint Lead Arrangers; and
- (vii) All Representations and Warranties being true and correct in all material respects.

**Conditions
Precedent
to all Borrowings:**

Usual and customary for a credit facility of this type including without limitation accuracy in all material respects of representations and warranties, no default and receipt of borrowing request.

Events of Default:

Usual and customary for a credit facility of this type (with exceptions and materiality qualifiers to be agreed upon), applying to the Borrower and, to the extent usual and customary, its Subsidiaries, and subject to grace periods to be agreed upon, including without limitation: failure to pay principal, interest or fees



(subject, in the case of interest or fees to a 3 business day grace period), noncompliance with covenants, material inaccuracy of representations or warranties, failure to make payment on or observe the terms of any other material financing, change of control (to be defined as the Lead Investors, collectively, ceasing to own a greater percentage of the voting equity interests of the Borrower than the percentage held by any other equity holder of the Borrower, together with such other equity holder's affiliates, working or acting as a group), material legal judgments, proceedings under or failure to pay material amounts due under ERISA, voluntary or involuntary bankruptcy or similar proceedings, intervention by any applicable insurance regulatory authority into the management or business affairs of the Borrower's insurance subsidiaries.

Indemnification: The Borrower agrees to indemnify and hold the Agents, the Joint Lead Arrangers and the Lenders and their respective shareholders, directors, officers, agents, subsidiaries, and affiliates harmless from and against any and all damages, losses, settlement payments, obligations, liabilities, claims, actions or causes of action, and reasonable costs and expenses incurred, suffered, sustained, or required to be paid by an indemnified party by reason of or resulting from the transactions contemplated hereby except to the extent resulting from the gross negligence or willful misconduct of the indemnified party. In all such litigation, or the preparation therefor, the Agents, the Joint Lead Arrangers, and the Lenders shall be entitled to select their own counsel and, in addition to the foregoing indemnity, the Borrower agrees to pay promptly the reasonable fees and expenses of such counsel.

Expenses: All reasonable legal fees, syndication expenses and other out of pocket expenses of the Agents and the Joint Lead Arrangers in connection with this transaction will be for the account of the Borrower, whether or not the Facility closes.

Cost & Yield Protection: Standard yield protection and indemnification, including capital adequacy requirements, will be incorporated to satisfactorily compensate the Lenders in the event that any change in any existing, or any future, law, requirement, guideline, or request of relevant authorities (including Eurocurrency reserve requirements) shall materially increase costs, materially reduce payments or earnings, or materially increase capital requirements. Subject to payment of all amounts owed to any Lender, the Borrower will have the right, subject to the assignment provisions, to replace a Lender making a claim under any such provisions.

Majority Lenders: Greater than 50%; provided that usual and customary matters shall require the consent of all Lenders or, as applicable, each Lender directly affected thereby.

Assignments and Participations: Usual and customary. Except for assignments to funding conduits and to the Federal Reserve Bank, the Agents and, in the absence of an Event of Default, the Borrower will have the right to consent to any assignment, such consent to not be unreasonably withheld.

Confidentiality: The terms and conditions of this offer are strictly confidential and must be treated as such.



Agents' Counsel: Bingham McCutchen LLP.

Governing Law: State of New York.